

# No More Time: Regulators Reject UIL Holdings, Iberdrola Request For Extension To Save Merger

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**O**ne day after preliminarily rejecting the merger of UIL Holdings and the U.S. operations of Iberdrola, Connecticut regulators swiftly rejected a proposal from the two companies for a two-month extension to address regulators' concerns.

Explaining that reviewing additional information would take much more time than that, Connecticut's Public Utilities Regulatory Authority told the companies they are always welcome to start again from the beginning and file a new merger application.

The denial of the extension throws into disarray the companies' efforts to rescue the \$3 billion merger, which would have created an \$18 billion energy distribution company with more than 3.1 million customers in the Northeast.

On Tuesday, regulators preliminarily rejected the merger of United Illuminating's parent company and the U.S. operations of the Spanish energy company, saying the deal lacked assurances and commitments that would make it in the public interest.

Lawyers for the two companies asked early Wednesday for more time to "file additional information, commitments and assurances to address the concerns set forth in the Proposed Decision."

The final decision in the regulatory docket is scheduled to be released July 17. Iberdrola and UIL Holdings have until Tuesday to respond to the proposed decision.

The companies' request could have brought the parties back to the table, including regulators and advocates like Attorney General George Jepsen and Consumer Counsel Elin Swanson Katz, who both urged regulators to reject the deal if the companies failed to propose major concessions to ratepayers and corporate safeguards.

But regulators denied the motion for more time, saying the "requested two-month extension of the procedural schedule in this proceeding would provide insufficient time for the Authority to afford adequate procedural due process."

Without the additional time, it's unclear whether Iberdrola and UIL Holdings can offer measures to assure regulators the deal would benefit customers and the public at large.

In their draft decision outlining a rejection of the merger, regulators said the public benefits proposed by Iberdrola were mere "polite gestures" that are "unquantifiable, have assigned values of zero and do not offer sufficient benefit for ratepayers."

They concluded that, in proposing the merger, United Illuminating and Iberdrola "have not provided any measurable or quantifiable commitments that unequivocally assure the Authority that the public interest of the ratepayers will not be harmed."

In a statement issued Wednesday morning, James P. Torgerson, UIL Holdings' chief executive, who was to head the newly merged company, said that he was "clearly disappointed" in the decision and that the company "truly believe[s] the proposed transaction can bring significant value to our customers, including tangible benefits, as we continue to deliver safe and reliable service."

Representatives from Iberdrola USA have not responded to numerous requests for comment.

Shares of UIL Holdings closed Wednesday down 1.8 percent at \$45.02 on the New York Stock Exchange, while shares of Iberdrola SA inched up 1 percent on the Bolsa de Madrid.

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